

CITY OF DEL MAR

Proposition H

(This proposition will appear on the ballot in the following form.)

PROP H

Shall the ordinance which proposes that the transient occupancy tax (TOT) paid by hotel visitors be increased to a rate up to thirteen percent (13%) be adopted?

This proposition requires approval by a simple majority (over 50%) of the voters voting on the proposition.

CITY ATTORNEY IMPARTIAL ANALYSIS

The City of Del Mar currently imposes a ten and one-half percent transient occupancy tax which was approved by the voters in 2002. The transient occupancy tax is imposed only on hotel visitors who visit the City of Del Mar for thirty days or less. The tax is collected by the hotel operator based on the room rent paid by visitors and transmitted to the City. The City's transient occupancy tax is a general tax and, in accordance with California law, the tax rate may not be increased unless approved by a majority of the voters in the City of Del Mar. On July 21, 2008, the City Council adopted a resolution submitting to the voters an ordinance amending subsection (A) of Chapter 3.12.010 that would permit the City to increase the TOT rate up to thirteen percent.

Proposition H is the ordinance that was approved by the City Council on July 21, 2008. If approved by the voters, Proposition H would amend Del Mar Municipal Code section 3.12.010 (A) to allow the City to increase the transient occupancy tax rate by no more than two and one half percent for a total transient occupancy tax rate of up to thirteen percent. Revenue collected from the transient occupancy tax is deposited into the City's general fund to pay for general governmental services such as fire protection, parks, police protection, and other community services.

If Proposition H is approved by the voters, the City Council could, depending on the totality of circumstances, adopt a resolution increasing the TOT up to 2.5% for a maximum TOT of 13%. If a majority of the voters vote "no" on this Proposition, then the City's transient occupancy tax rate will remain at ten and one-half percent.

The above statement is an impartial analysis of Proposition H. If you desire a copy of Proposition H, please call the City Clerk's office at (858) 755-9313. This information can also be viewed on the City's website: www.delmar.ca.us.

ARGUMENT IN FAVOR OF PROPOSITION H

Vote Yes on Proposition H -- the Hotel Visitor Tax Measure

On November 4, 2008, Del Mar residents will cast an important vote concerning the tax rate paid by hotel visitors for overnight stays in Del Mar. This tax (known as the Transient Occupancy Tax or "TOT") is currently set at 10.5% in Del Mar.

A "YES" vote on Proposition H would allow for the tax to be set at a rate up to 13%. If approved, Proposition H will allow the City to set Del Mar's TOT at a rate commensurate with adjacent cities. For example, an increase in the TOT rate to 13% could allow the City to collect approximately \$417,000 more annually for the City of Del Mar's General Fund. The General Fund pays for City services that are provided to residents and hotel visitors alike for their use of public facilities including streets, beaches, parks, fire and police services, and for capital projects.

It is a tax that is paid by visitors....plain and simple. Unlike other revenue sources, every TOT dollar collected stays in Del Mar.

Vote "YES" on Proposition H to ensure that visitors pay their fair share of city services during their stay in Del Mar AND to ensure the continued financial health of your community.

Please join us in voting "Yes" on Proposition H.

DAVID DRUKER
Mayor
Del Mar City Council

CRYSTAL CRAWFORD
Deputy Mayor
Del Mar City Council

CARL HILLIARD
Councilmember
Del Mar City Council

HENRY ABARBANEL
Councilmember
Del Mar City Council

RICHARD EARNEST
Councilmember
Del Mar City Council

ARGUMENT AGAINST PROPOSITION H

THE CITY COUNCIL COULD GIVE UP \$300,000 OF THE NEW TOURIST OCCUPANCY TAX (TOT) ANNUALLY TO BENEFIT HOTELS: VOTE "NO" ON PROPOSITION H.

The council's ballot argument disguises the true beneficiaries of new hotel-generated taxes and fees. The voters are not being told the entire story. The ballot measure does not reveal a last-minute sleight-of-hand regarding potential unavailability to the City of the full 13% of tax money. Hoteliers gained the concession that if they impose a TMD (Tourist Marketing District) fee, that fee would be considered when raising the TOT so as to keep the total of TOT and TMD fee competitive with those paid in neighboring cities. This concession to the Del Mar hoteliers, codified by a newly amended ordinance, could reduce the TOT revenue to the City by as much as \$300,000 annually, money that instead would be available to the hoteliers for marketing themselves.

While the ballot measure promises that every TOT dollar will be paid by visitors and "stays in Del Mar," the revised wording of the ordinance introduced by the Council majority will potentially divert huge sums to the hotels to be administered by a private corporation and limit the City's take to less than 13%.

The Council has been generally dismissive of the sincere, well-reasoned and unanimous urgings of residents who argued to the Council that we have pressing infrastructure needs: a sewer pump station, a lifeguard headquarters, unmet obligations to pay for the Shores site, to name a few. Residents argued and we concur: Why should hoteliers get a sum equal to half the City's annual public improvement budget?

Tell the City Council to use the full 13% TOT revenue to provide services for our community's needs.

To send this message, vote "NO" on Proposition H.

MARK WHITEHEAD
Former Mayor

JACQUELINE WINTERER
Former Mayor

DEBORAH GROBAN
Former Councilmember

JAN McMILLAN
Former Mayor

BROOKE EISENBERG-PIKE
Former Mayor